

**LOUISVILLE REGIONAL AIRPORT AUTHORITY
BOARD MEETING
OCTOBER 16, 2019**

The regular meeting of the Board of the Louisville Regional Airport Authority was held on October 16, 2019. Chairman Jim Welch convened the meeting at 2:59 p.m. in the Boardroom of the Louisville Regional Airport Authority, Louisville, Kentucky.

Those in attendance were: Mr. Dale Boden, Mr. Bill Byrley, Ms. Toni Clem, Ms. Mary Rose Evans, Mayor Greg Fischer, Mr. Earl Jones, Ms. Nikki Lanier, Mr. Pat MacDonald, Ms. Lesa Seibert, and Mr. Jim Welch. Not in attendance: Mr. John A. Moore and Ms. Lesa Seibert. Mr. Tom Halbleib attended as counsel to the Board.

Staff Members in attendance were: Ms. Brenda Allen, Ms. Pat Apone, Mr. Josh Ball, Ms. Phyllis Baylor, Ms. Sara Brown, Ms. Dodie Caulk, Ms. Natalie Chaudoin, Mr. Dwight Clayton, Ms. Melissa French, Mr. Anthony Gilmer, Ms. Noel Jolly, Mr. Dan Mann, Mr. Jeff Nall, Ms. Antissa Riley, Mr. Brian Sinnwell, Ms. Megan Atkins Thoben, Mr. Adam Thomas, Mr. Darrell Watson, and Mr. Jason Wheeler.

Also in attendance: Ms. Sarah Barker, Mr. Bobby Campbell, Mr. Zach Neds, Mr. Scott Nickerson, Mr. Eric Peterson, Ms. Rachel Roarx, Ms. Stacie Rockaway, Mr. P. Terry Rogers, Mr. Bob Sallee, Mr. Rick Storm, Mr. Todd Tabor, Ms. Julie Taylor, Ms. Melissa Vasher and Ms. Mary Ellen Wiederwohl.

CONSIDERATION OF MINUTES

The minutes of the regular board meeting held on September 25, 2019 were reviewed and, upon motion duly made and seconded, unanimously approved.

FINANCIAL REPORT

Ms. Dodie Caulk informed the Board that copies of the audit reports for the Authority and Louisville Renaissance Zone Corporation and copies of two letters from Crowe, LLP regarding the audit were available on the Board table and commended Ms. Melissa French, Finance Manager and Mr. Jeff Nall, Finance Manager for their work on the audit. She then introduced Mr. Scott Nickerson, Partner with Crowe LLP, to further review the audit with the Board.

Mr. Nickerson noted that the annual report covers both the Authority and the Louisville Renaissance Zone Corporation. Mr. Nickerson advised the Board that the financial information reflected in the audit report is the same information presented to the Board monthly. Mr. Nickerson stated that Crowe LLP has issued a clean, unmodified, unqualified opinion on the Authority's financial statements. Mr. Nickerson indicated his firm did not identify any significant deficiencies or material weaknesses in internal controls or compliance with the various regulations the Authority is required to follow, including those relating to federal grant programs. There were also no audit adjustments made throughout the audit process.

On motion duly made and seconded, the Board unanimously accepted the audit.

Chairman Welch commended Ms. Pat Apone and Ms. Dodie Caulk and the finance department for their hard work and a successful audit.

MARKETING REPORT

Mr. Darrell Watson provided a Strategy and Innovation update. On October 14th, in partnership with the World Affairs Council, the Authority hosted a delegation of aviation professionals from Oman here on an “Aviation, Air Cargo and Airport Management” visit under the U.S. Department of State International Visitor Leadership Program. On October 12th, the Authority held the 15th Annual Airport Ambassador Appreciation Celebration for approximately 70 volunteer ambassadors at Founders Union Building Ballroom on the U of L ShelbyHurst Campus. Also on October 12th, in partnership with Louisville Grows and SDF Cares team members, the Authority gave away 500 trees at LOU. Financial support for the giveaway was provided by the Louisville Renaissance Zone Corporation. On October 9th, the Authority launched the new and improved FlyLouisville.com. The new website is designed with the traveler and business operator in mind and has convenient tabs to switch to and from passenger and corporate information. On October 1st the Authority held a media event with JCPS and Dr. Pollio to announce the SDF Tours Program. The program, developed in partnership with JCPS’ The Academies of Louisville, invites area students to visit and learn about the airport. The two-hour tours are tailored to the school or group’s specific interest. So far the Authority has hosted Pleasure Ridge Park High School and Fairdale High School. Students from Moore High School will tour SDF on October 17th.

Ms. Mary Rose Evans informed the Board she received very positive feedback from her niece’s husband who teaches at Pleasure Ridge Park High School. He had a wonderful experience on the tour and felt it opened his students’ eyes to a lot of new opportunities.

Mr. Watson informed the Board that the SDF Wonderful Animals Giving Support (WAGS) program started at the end of July. The Authority has about 50 volunteers who are in the Terminal approximately three times a week to provide support to travelers. The Authority has received great feedback and support for the program.

Mr. Gilmer spoke to the Board about air service development. He advised the Board that a key part of air service development is determining what the airlines want and then capitalizing on where our goals align with the airline’s strategy to get the service we need. He also noted that it’s also important to develop good relationships with the airlines because they want to work with people that they trust and who have a good track record. Finally, he emphasized the need to make sure our data comes from industry recognized sources, such as Diio, which compiles data from the Airlines Reporting Corporation, International Air Transport Association and the US Department of Transportation. We want the airlines we are talking with to know the data we are using to make our case is trustworthy.

Mr. Gilmer discussed catchment areas. To continue to grow air service at SDF, we must win in our primary catchment area: the area within 30 miles of SDF that contains over 1.3 million people with an Average Household Income (AHI) of \$54,164. We also must compete in our contention area: the area within 60 miles of SDF that contains 20 million people with an AHI of

\$51,343. Currently we capture about 85% of our primary catchment area with most of our leakage going to Cincinnati. The leakage is almost exclusively for a location that has numerous nonstops and a low-cost carrier to that market. Examples are Orlando and Las Vegas, and then west coast destinations like Seattle and San Francisco.

Mr. Gilmer recapped some 2018-2019 wins. Traffic was up 11% for 2018, and traffic is up 12% year-to-date for 2019. Capacity for 2019 is up 18% over 2017 with 71% on legacy carriers. We have 32 nonstop destinations including six new routes. The introduction of the Republic crew base should also help us grow our schedule.

Mr. Gilmer highlighted some of the prospective routes we are discussing with the airlines. He feels we have a good chance of getting service to Toronto, Boston, San Francisco, Seattle and Salt Lake City. Mr. Gilmer feels like Boston and Toronto will probably happen first, but Salt Lake City is very promising. Our percentage of in-bound traffic is growing each quarter.

Mr. Gilmer provided an update on the LAX service. Mr. Gilmer compared our first 5 months of service to the first 5 months of service when LAX service was introduced in Indianapolis and Columbus, and we are doing very well in comparison. American Airlines is pleased with the performance. In December the schedule shifts to a morning departure from Los Angeles, instead of a redeye departure.

Mayor Fischer congratulated Mr. Anthony Gilmer on being selected for Louisville Business First's 40 Under 40 Class of 2019.

CONSTRUCTION REPORT

Mr. Brian Sinnwell presented the planning and facilities status report. At Louisville Muhammad Ali International Airport, work has begun on the Airfield Pavement Rehabilitation Project, 2019 A to complete reconstruction of concrete pavement slabs on the east runway, 17L/35R. Because of operational needs, at our request the contractor moved operations to the west runway, 17R/35L, to complete critical pavement slab replacement under a contract change order. Work on the east runway began on September 13th and will continue through November. For the Main Terminal Electrical Switchgear Project, notice to proceed was issued on July 1 and construction is underway.

Work is substantially complete for the Runway and Taxiway Shoulder Rehabilitation Project to rehabilitate asphalt shoulders on the west runway and Taxiway B. This project also replaced aged asphalt and corrected pavement joints and drop-offs along the runways and taxiways. For the Construct West Cargo Apron Project to construct 30 acres of apron on the west side of Taxiway A south of the Compass Hangar, construction work is underway including installation of storm water pipe, concrete and asphalt, and installation of other utilities. Work is also progressing to construct the taxiway connectors. For the Airfield Pavement Rehabilitation Project, 2019 B to rehabilitate the west runway and Taxiways B and C, additional slabs were repaired as reflected in a change order and work is substantially complete.

For the Main Terminal Emergency Generator Project, final design work for an emergency generator for the passenger terminal is underway, and coordination meetings were held with LG&E, the Authority and consultants regarding sizing, siting and design alternatives. Design concepts will be finalized and a preferred site will be selected later this month. A contract was awarded on July 17th to continue the replacement of aged perimeter security fence near the end of Runway 35R, and work will begin later this month with estimated completion in November. A contract was executed for the Maintenance Building Emergency Generator Project to design an emergency generator for the maintenance facility on Park Boulevard. A predesign meeting was held to determine scope and equipment location. A \$189,500 contract will be awarded to Link Electric Co., Inc. to install the generator in the Maintenance Building.

Bids were received on August 15th for the Reconstruction of Taxiway G, Phase I Project, a major design effort to re-align and reconstruct Taxiway G. This parallel taxiway to Runway 11-29 is critical for the efficient movement of aircraft from the east to west on the airfield. This pavement is old, nearing the end of its useful life and does not meet all Group VI standards. This project will increase surface separation, will eliminate FAA designated "hot-spots" and will create new access points to the terminal area. The construction contract was awarded to Mac Construction and Excavating, Inc. and we anticipate work will begin in June 2020.

For the Terminal Renovation and Enhancement Project, Messer Construction is preparing pre-construction items to prepare for the bidding of access control and security upgrades; operations department and communication center renovations; and roadway and parking garage renovations and parking expansion. Alliance is continuing their design efforts in the Terminal, and CMTA is working on mechanical design elements throughout the Terminal. Two new moving walkways have been ordered to replace the connector walkways. Installation is dependent upon the manufacturing schedule but is tentatively scheduled to begin after Derby 2020. Coordination is underway to replace six escalators in the Terminal. Modernization of the main elevator near the information booth will be completed in April 2020.

At Bowman Field, for the Airfield Electrical Project, Phase 1, a construction contract was awarded to begin replacement of airfield cable and lighting and work is substantially complete. For the Airfield Electrical Project, Phase 2, pre-construction work is underway to replace all airfield signs and correct airfield nomenclature and work will begin in October. A contract was awarded in July for a project to replace the roof of Hangar #3, and work will begin October 7th.

At the Bowman Field Administration Building, LG&E's contractor completed the removal of aged electrical distribution equipment from the basement of the Administration building. This project is 90% funded by LG&E. The Authority updated building electrical panels and transformers as a part of this work. The project is 100% complete. A contract was awarded and work is underway for renovation/rehabilitation of the exterior condition of the building. An exterior sealant, reconstruction of mortar joints and repairs to the upper building coping will be completed. An assessment of the building's HVAC, roof and lighting is also underway. For the Airport Area Safety Program, project formulation work is underway to acquire additional aviation easements from willing sellers with existing or near-term obstructions. Easements will be purchased in anticipation of a future phase of tree removal & landscaping. There are at least 12 willing residents who wish to be considered for aviation easements.

Mr. Sinnwell reported on the Airport Master Plan Update. Master planning efforts continue with facility inventory, forecasting and facility interviews. Airfield geometry concepts and future capital projects are being developed. The public education process continues with interaction at public events, scheduled briefings and group sessions.

Mr. Sinnwell reported on the Residential Relocation Project. A contract for demolition of several residences is being developed.

Mr. Sinnwell provided an update on the Residential Sound Insulation Program. This project is for the sound insulation of residences within the DNL 65 contour on the 2021 Noise Exposure Map. The recommended program boundary and Acoustical Testing Plan and Program Policies and Procedures are approved. A second homeowner's workshop was held on September 17, 2019. Design formulation, acoustical testing and preliminary design is underway for two phases of work.

Mr. Sinnwell provided an update on the University of Louisville – Noise Mitigation Project. The project was advertised for construction bids and a contract award is on the agenda for the Board's consideration.

Mr. Sinnwell reported on projects in the Louisville Renaissance Zone and Renaissance South Business Park. Formulation of the project to improve access to the Renaissance South Business Park continues. Traffic modeling efforts, lane studies and other planning work is currently underway.

BOARD CONSENT ITEMS

1. Courtesy Parking Policy Revisions – Louisville Muhammad Ali International Airport — Approval

The Board moved this agenda item to the Board action agenda.

2. HNTB Task Order No. 6 — Louisville Muhammad Ali International Airport — Approval

On January 16, 2019, the Board approved the award of a Supplemental Airfield Consultant Services contract with HNTB for a three-year period with an option for an additional two-year term. The contract requires Board approval for each Task Order. Task Order 6 authorizes HNTB to provide design services for plans and specifications for terminal apron expansion at the Louisville Muhammad Ali International Airport. This project is anticipated to be 90 percent funded by an existing FAA grant. Task Order 6 will be a not-to-exceed contract in the amount of \$108,538.

Mr. Mann recommended the Board approve Task Order No. 6 to the contract with HNTB in the not-to-exceed amount of \$108,538; and authorize the Executive Director to execute the necessary contract documents subject to review and approval by counsel as to legality of form

and content. On motion duly made and seconded, the Board approved Mr. Mann's recommendation.

COMMITTEE REVIEWED ACTION ITEMS

The Finances, Contracts and Planning Committee met, reviewed the draft audit report with Mr. Scott Nickerson, reviewed the following two action items, and determined that both items are ready for Board consideration:

IV.a.i. Fixed Base Operator Lease Agreement — Bowman Field — Award

The Authority entered into a full service fixed base operator agreement at Bowman Field with Central American Airways Flying Service, Inc. in 2003 for a 20 year term which expires on August 31, 2023. Additionally, the Authority entered into a full service fixed base operator agreement at Bowman Field with Louisville Executive Aviation, LLC in 2004 for a 20 year term which expires on September 30, 2024. In anticipation of the expiring terms, the Authority's staff issued an invitation to submit proposals for the right to manage, improve, and operate a single, combined Fixed Base Operator, and its supporting facilities for a term of 15 years.

Advertisements for this solicitation were placed in *The Courier-Journal*, *Louisville Defender*, Airport Minority Advisory Council, TriState Minority Supplier Development Council, and on the Authority's website. Additionally, invitations to submit proposals were mailed directly to numerous companies and the certified vendor list of the Louisville Metro Human Relations Commission. The Authority conducted a mandatory pre-proposal meeting and the meeting was attended by representatives from four companies.

The proposal documents specified the following rent structure: (i) Fuel Flowage Fees: The Fuel Flowage Fees, as defined in Chapter 600 of the Authority's Regulations, (ii) Exclusive Use Ground Rent, (iii) Preferential Use Aircraft Ramp Rent, (iv) Hangar Rent, (v) Office and Building Rent, and (vi) initial capital investment in the amount of \$250,000.00 for facility improvement items. Additionally, as noted above, the terms of the existing FBOs each continue for a few more years. In response to prior Authority attempts to encourage additional investment in their existing facilities, each of the incumbent FBOs has indicated a willingness to sell its operations rather than make additional investment under the existing circumstances. To accommodate a combined FBO, the Authority's solicitation of proposals requires that the successful proposer reach an agreement to purchase the interests of the incumbent FBOs within 95 days after the Authority tenders an agreement. Upon concluding such sales, the existing FBO agreements would be terminated, making the facilities available for lease under the new FBO agreement. If the successful proposer were unable to come to terms with the incumbents, the Authority would not enter into the agreement.

The Authority received one proposal, which was from Louisville Executive Aviation, LLC. After reviewing the proposal, and following subsequent conversations with Louisville Executive Aviation, LLC, staff is recommending Louisville Executive Aviation, LLC be awarded the Fixed Base Operator Lease Agreement.

Mr. Mann recommended the Board award the Fixed Base Operator Lease Agreement to Louisville Executive Aviation, LLC for a term of 15 years, at the terms and conditions described above and on the summary of financial terms presented to the Board; provided, the final execution of the Fixed Base Operator Lease Agreement between the Authority and Louisville Executive Aviation, LLC, the payment of the buyout payment by Louisville Executive Aviation, LLC to Central American Airways Flying Service, Inc. and all other matters necessary for the consummation of the transaction completed hereby shall be part of a simultaneous transaction; and authorize the Executive Director to execute the necessary contract documents subject to review and approval by counsel as to legality of form and content. On motion duly made and seconded, the Board approved Mr. Mann's recommendation.

IV.a.ii. Revision to Authority's Regulations Chapter 600 — Conditional Approval and Adoption

Should Louisville Executive Aviation, LLC complete all other matters necessary for the consummation of the new Fixed Base Operator Agreement at Bowman Field, staff proposes adjusting the Fuel Flowage Fee at Bowman Field from \$0.01 per gallon to \$0.07 per gallon and adjusting the Permit Fees for Commercial Operators (as defined by Chapter 800 of the Authority's Regulations) at Bowman Field from 3% of gross revenues to an annual Permit Fee of \$2,500.00 for Fixed Base Operators and \$1,000.00 for Specialized Aviation Service Operators.

The Fuel Flowage Fees and Permit Fees for Bowman Field are included in Section 605 of the Authority's Regulations with other rates and charges. As such, the adjustment requires a revision to Section 605 of the Authority's Regulations (copy attached).

Mr. Mann recommended the Board approve an amendment to Section 605 of the Authority's Regulations strictly conditioned upon Louisville Executive Aviation, LLC's completion of all other matters necessary for the consummation of the Fixed Base Operator Lease Agreement transaction; and authorize the Executive Director to take the necessary steps to implement the changes. On motion duly made and seconded, the Board approved Mr. Mann's recommendation.

BOARD ACTION ITEMS

1. Courtesy Parking Policy Revisions – Louisville Muhammad Ali International Airport — Approval

The Courtesy Parking Policy (copy attached) would replace the Courtesy Parking Policy adopted by the Board in October 2006. The revisions to the Courtesy Parking Policy reduce the number of officials receiving courtesy parking, simplify and clarify the courtesy parking process for law enforcement personnel, and eliminate life-time courtesy parking privileges. However, board members currently receiving lifetime courtesy parking will keep their courtesy parking.

Mr. Mann recommended the Board adopt the proposed courtesy parking policy revisions, and authorize the Executive Director to take the necessary steps to implement the policy change. On motion duly made and seconded, the Board approved Mr. Mann's recommendation.

OTHER BUSINESS

Mr. Eric Peterson, Principal with Alliance, provided an update on the Terminal Renovation Project for the Board.

Following Mr. Peterson's presentation, there being no additional business the meeting adjourned at 5:00 p.m.

Jim Welch, Chairman

Dan Mann, Assistant Secretary

Approved